Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Fonditalia - Fonditalia 4Children

Legal entity identifier 549300BIMOFGOP4NSE76

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Does this financial product have a sustainable investment objective?

[X] Yes	[ ] No
[X] It will make a minimum of **sustainable investments with an environmental objective**: 35%	[ ] It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of _% of sustainable investments
[X] in economic activities that qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
[X] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	[ ] with a social objective
[X] It will make a minimum of **sustainable investments with a social objective** 35%	[ ] It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

Sustainability indicators measure how the sustainable objectives of this financial product are attained

The Sub-fund combines environmentally and socially sustainable investment objectives with the general aim to enhance and improve the children's right. It aims to create positive environmental and social impact by investing in companies that are involved in economic activities that are considered environmentally or socially sustainable by virtue of their contribution to one or more of the following objectives:

• Social objectives: selecting companies supporting and facilitating social benefits like, but not exclusively, the enhancement of good health and well-being, decent work and economic growth, quality education, sustainable cities and communities with a thematic focus on children's rights;

• Environmental objectives: selecting companies which have a specific commitments in the reducing of carbon emission according the Science Based Targets initiative (SBTi) of the Intergovernmental Panel on Climate Change (IPCC). Depending on the availability of feasible investment opportunities, the sub-fund may contribute to any of the environmental objectives set out in Taxonomy Regulation (climate change mitigation and adaptation).

In order to reach its sustainable objective the Investment Manager (hereafter also "FAMI") adopts the firmwide sustainable investment framework built around the United Nations Social Development Goals (UN SDGs). This framework helps the Investment Manager to assess the extent companies' products and services address at least one of the selected social and environmental challenges, as defined by the UN Sustainable Development Goals (UN SDGs) without conflicting with any of the 17 SDGs.

The Sub-fund aims to contribute towards the following sub-set of environmental and social SDGs:

- Goal 2: Zero Hunger
- Goal 3: Good Health and Well-being
- Goal 4: Quality Education
- Goal 6: Clean Water and Sanitation
- Goal 7: Affordable and Clean Energy
- Goal 8: Decent Work and Economic Growth
- Goal 10: Reduced Inequalities
- Goal 11: Sustainable Cities and Communities
- Goal 12: Responsible Production and Consumption
- Goal 13: Climate Action

A reference benchmark with specific focus on the sustainable thematics has been commissioned to a third party index provider for the purpose of attaining the sustainable investment objective. The benchmark of the Sub-fund consists of the arithmetical weighted average of the following indexes: "MSCI ACWI ex select countries Sustainable Impact Children ESG Index" and "MSCI EUR IG ESG Leaders Corporate Bond Select Index" (the "Benchmark").The Benchmark does not qualify as an EU Climate Transition Benchmark or EU Paris- aligned Benchmark.

- ***What Sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The Sub-fund has the following sustainability indicators:

1. The % of companies that are compliant with the United Nations Global Compact principles (UNGC) and the Human Rights Standard (i.e ILO) compared to the designated benchmark;

2. The % of companies which have adopted policies against child labours compared to the designated benchmark;

3. The % of companies which disclosure the gender pay gap and the sub-fund's average unadjusted gender pay gap of investee companies (PAI 12) compared to the designated benchmark;

4. The % of companies which have an approved commitment to pursue Science Based Targets initiative (SBTi) compared to Benchmark;

5. The sub-fund's weighted carbon footprint / GHG intensity score (3y CAGR) compared to the designated Benchmark;

6. The application of FAMI's Exclusion policy for sectors and critical issuers;

7. The % of investments which have a positive contribution to one or more of the environmental and social SDG's selected. The criteria assumed for measuring the positive contribution of each investment, is based on the components defined by "MSCI ESG Research" within its methodological framework "SDG Alignment Methodology":

• "Product Alignment", i.e. the indicator of the degree of "net alignment" of an issuer's products and services to the targets associated with each SDG; this indicator aims to (i) estimate the revenue of companies issuing products and services that respond to one or more relevant SDGs and (ii) identify products and services that have potentially negative impacts with respect to the achievement of the SDGs;

• "Operational Alignment", i.e. the indicator of the degree of alignment of the production processes of the issuing companies with respect to specific Sustainable Development

Goals (SDGs). This metric takes into account the internal policies, objectives and practices implemented by the issuers.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

The sustainable investment framework based on UN SDGs is built around the concept of SDGs alignment as much as misalignment. Each investee company is evaluated in relation to both metrics therefore any misalignment to at least one of the 17 SDGs is considered a breach of the Do Not Significantly Harm (DNSH) criteria and it excludes the opportunity to invest in the issuer. Additional third party data provides further tools and KPIs to assess if and how any investee company pass the Do Not Significantly Harm (DNSH) test.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The significant harm to any environmental or social sustainable investment objective (represented by one or more of each SDGs) is avoided by the monitoring of any adverse impact caused by each sustainable investment on sustainability factors. Impacts on PAI are managed directly throught the application of the exclusion policy (for Issuers operating in non-socially responsible sectors or exposed to ESG risk) and the active engagement by FAMI on investee companies.

Investment Manager can check the PAIs data concerning the sub-fund through a periodic monitoring report, where can be consulted the values of the indicators at product level and, where present and possible, at respective benchmark level in order to include this information in the investment decision-making process.

The Investment manager considers the following indicators: PAI 1 - Carbon emission (Scope 1 + 2); PAI 3 - GHG intensity of investee companies; PAI 2 - Portfolio carbon footprint; PAI 4 Exposure to companies active in fossil fuel sector; PAI 10 - Violations of UNGC principles and OECD guidelines for Multinational Enterprises; PAI 12 - Unadjusted gender pay gap; PAI 13-Board gender diversity; PAI 14 - Exposure to controversial weapons (anti-personnel mines, cluster ammunitions, chemical and biological weapons).

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager's Sustainable and Responsible Investment Policy specifies that corporate approach to sustainable and responsible investments is inspired by the principles contained in documents such as UN Global Compact principles (UNGC), UN Guiding Principles on Business and Human Rights (UNGPs), OECD Guidelines for multinational enterprises, International Labor Organization Conventions. This approach follows the methodology for the definition of "sustainable investments" with specific reference to the Do Not Significantly Harm Principle.

The Investment Manager monitors the entire portfolio on the basis of a series of environmental, social and governance indicators (via third party data), including the violations of the UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Issuers characterized by a severe and serious dispute equal to "Red" (also referring to selected global norms and conventions, including the United Nations Global Compact Principles, the International Labour Organization's conventions, and the United Nations Guiding Principles on Business and Human Rights) are excluded from the investment perimeter.

Does this financial product consider principal adverse impacts on sustainability factors?

- [x] Yes, the Sub-fund considers the following indicators: PAI 1 - Carbon emission (Scope 1 + 2); PAI 3 - GHG intensity of investee companies; PAI 2 - Portfolio carbon footprint, , PAI 4 Exposure to companies active in fossil fuel sector; PAI 10 - Violations of UNGC principles and OECD guidelines for Multinational Enterprises; PAI 12 - Unadjusted gender pay gap; PAI 13-Board gender diversity; PAI 14 - Exposure to controversial weapons (anti-personnel mines, cluster ammunitions, chemical and biological weapons). Impacts on PAI are managed directly throught the application of the exclusion policy (for Issuers operating in non-socially responsible sectors or exposed to ESG risk) and the active engagement by FAMI on investee companies.

  The PAIs taken into consideration are subject to data availability and may therefore over time change and evolve with improving data quality and availability.

  FAMI portfolio managers can check the PAI data concerning their products through a periodic monitoring report, where can be consulted the values of the indicators at product level and, where present and possible, at respective benchmark level in order to include this information in the investment decision-making process. However, considering the large variability of PAI data at sectoral and geographical level, as well as their retrospective nature, no thresholds or stringent limits are set at portfolio level.

  Information on PAIs, will be available in the annual sub-fund report in the specific section of the template "Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852".

- [ ] No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager's approach includes the adoption of sustainable strategies in line with the Principles for Responsible Investments (the "PRI principles"). These strategies can be integrated into different steps of the investment process and they are based on exclusion criteria (for Issuers operating in non-socially responsible sectors or exposed to ESG risk) and an investment approach that enables to pursue specific sustainability objectives which can generate a positive and measurable social or environmental impact for each investment objective (so called "Impact investing"). The criteria assumed for measuring the positive contribution of each investment, is based on the components defined by "MSCI ESG Research" within its methodological framework "SDG Alignment Methodology".

The investment objective of the Sub-fund is to generate positive returns, measured in Euro, with the potential for capital growth by investing in a balanced diversified portfolio which may include: equities, fixed-interest and floating rate securities, non-investment grade securities, derivatives, units in collective investment schemes.

For the construction of the portfolio, the Investment Manager aims to select securities of companies supporting and facilitating social benefits like, but not exclusively, enhancement of good health and well-being, decent work and economic growth, quality education, sustainable cities and communities with a thematic focus on children's right. The Sub-fund also invests in companies enhancing environmental protection.

The contribution of each investment to the investment objectives is monitored by the Investment Manager on a continuos basis. Investments which does not contribute to the investment objective are subject to potential exclusion.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

  1. The Sub-fund is an impact fund classified under SFDR Art. 9 therefore the first binding element is the mandatory requirement to invest only in sustainable investments unless for liquidity and hedging purpose.

  2. The Sub-fund must be compliant with FAMI's Exclusion policy. Limitations are related to:

  a. sector exclusions such production, sales, maintenance and storage of controversial weapons or extractive activities, production and distribution of electricity connected with thermal coal, companies exposed to production and distribution of conventional weapons, alcohol, tobacco, gambling and adult entertainment;

b. “critical” issuers are restricted or excluded from the entirety of assets under management (so called “ESG binding screening”). Those issuers are the ones highly exposed to ESG risks or involved in particularly serious business controversies like violations of international treaties or principles such as the UN Global Compact and ILO Core Conventions

c. companies not compliant with ILO Convention No. 182 and No. 190 on Child Labor and in companies not compliant with Breast Milk Substitute screen based on International Baby Food Action Network (IBFAN).

3. The following Sub-fund indicators must be higher than the ones of the designated Benchmark:

a. The % of companies that are compliant with the United Nations Global Compact principles (UNGC) and to the Human Rights Standard (i.e ILO);

b. The % of companies which have adopted policies against child labours;

c. The % of companies which disclosure the gender pay gap and the sub-funds average unadjusted gender pay gap of investee companies (PAI 12);

d. The % of companies which have an approved commitment to pursue Science Based Targets initiative (SBTi) compared with the designated Benchmark;

e. The Sub-fund's weighted carbon footprint / GHG intensity score (3y CAGR) compared to the designated Benchmark.

The binding elements are monitored on ongoing basis by the risk manager and by the portfolio manager.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the policy to assess good governance practices of the investee companies?***

The assessment of the good governance practices is a central pillar of the investment process adoped by the Investment Manager and it consists of the assurance that the governance of the issuers (or investee companies) is based on rules of conduct aligned to international best practices and inspired by the consideration of all stakeholders' interests also by means of a remuneration policy.

Compliance with issuers' good governance practices is ensured through the application of ESG and SRI exclusions criteria and through extensive screening based on third party data provider based on specific relevant factors, among them employee practices, ownership and management structures, tax and accounting compliance and open or past controversies.

Good governance practices involves an engagement process with the investee companies in particular on themes related to children's rights and labor practices.

What is the asset allocation and the minimum share of sustainable investments?

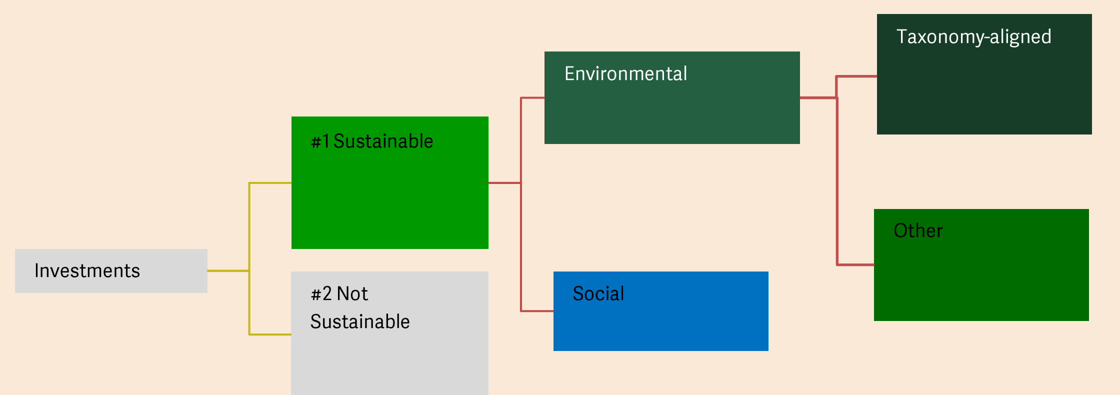
Asset allocation describes the share of investments in specific assets.

The Sub-fund is fully invested in sustainable investments by its own mandate of Art. 9 fund. The Investment Manager set a minimum target at 70% (box #1Sustainable) only to allow some degree of flexibility related to financial market conditions that would at certain times encourage a prudent approach with some build up of cash or money market instruments.

As a general rule, an equal split between environmental investments and social investments (box Environmental and Social) is considered appropriate given also the current lack of guidance on EU taxonomy in relation to Socially sustainable activities.

Climate change mitigation and adaptation are objectives that set a long term target to deliver a more sustainable world to children and fulfill the main sub-fund objective which is the protection of children's rights.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

How does the use of derivatives attain the sustainable investment objective?

Derivatives are only used for hedging purposes if and when market conditions encourage a prudent approach to protect clients' investment and a more efficient portfolio management.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Whereas that the mandatory alignment reporting for companies will only start in 2023, based on the current available data the Investment Manager set a minimum target of 1% classified as aligned to the EU taxonomy.

While the Investment Manager doesn't provide compliance assured by auditors or third parties, the only EU taxonomy alignment data utilized and reported is based on companies provided data and not on third party estimates which are still subjected to different methodologies and are based on a general assessment of the business.

As for sovereign bonds, the Investment Manager believes that green bonds issued by OECD countries may be compliant to taxonomy rules but it seems prudent for now not to include them in the taxonomy aligned investment portion in the absence of a clear rule.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?[1]

x Yes

X In fossil gas X In nuclear energy

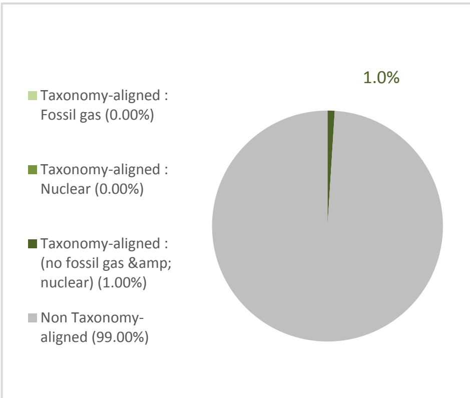
No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035.

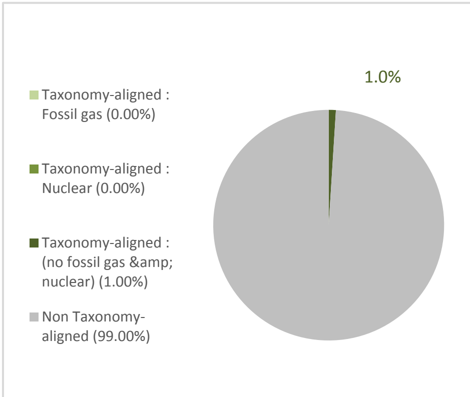
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy alignment of investments **including sovereign bonds***



2. Taxonomy alignment of investments **excluding sovereign bonds***



This graph represents 87.00 % of the total investments.

**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What is the minimum share of investments in transitional and enabling activities?

Currently there is no commitment to a minimum share of investments in transitional and enabling activities although the Sub-fund has significant exposure to some of these activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

34

The Sub-fund may invest in economic activities that are not yet eligible under the EU taxonomy or in companies not yet aligned to the EU taxonomy because they have not reported on voluntary basis their taxonomy aligned revenues/capex/opex. Data is currently not widely available by investee companies therefore any investment with enviromental objective which is not strictly classified as taxonomy aligned but which is deemed to be sustainable under different standards like UN SDGs, by definition will be a sustainable investment not yet aligned with the EU taxonomy.

The minimum share of sustainable investments that are not aligned with the EU taxonomy would be a percentage of 34%.

What is the minimum share of sustainable investments with a social objective?

At least 35% of net assets are dedicated to socially sustainable investments.

What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

Only cash and money market istruments are included under not sustainable investments and a basic due diligence in conducted to ensure the respect of minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Yes. The reference Benchmark has been designeted for the purpose of attaining the sustainable investment objective. It has been designed under the supervision of an external NGO active in the protection of children’s rights and it has been commissioned to a third party index provider which has built the index under its own scheme of sustainable impact.

The index provider has created the reference Benchmark starting from its own proprietary sustainable impact platform. The concept is based on the reclassification of the 17 UN SDGs into 4 different themes all aligned with the Sub-fund’s investment objective.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

  Not applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  The index provider applies a quarterly review of the index in order to assure full compliance of the index constituents to the sustainable themes. Since the index is customized to the Investment Manager needs, over time relevant changes to the Benchmark may be applied by the index provider in order to track the evolution of the sustainable themes.

- ***How does the designated index differ from a relevant broad market index?***

  The Benchmark differs completely from a relevant broad market index. First and foremost the index is built only on environmental and social sustainable themes, secondly several business and norm based exclusions are applied. As a result several sectors or companies even with relevant market cap are not present in the reference Benchmark.

- ***Where can the methodology used for the calculation of the designated index be found?***

  Methodologies are provided and updated by the index provider on the following portals:

https://www.msci.com/eqb/methodology/meth_docs/MSCI_ACWI_ex_Select_Countries_Sustainable_Impact_Children_ESG_Index.pdf

https://www.msci.com/eqb/methodology/meth_docs/MSCI_EUR_IG_ESG_Leaders_Children_Corporate_Bond_Select_Index_Methodology_Apr2021.pdf

Where can I find more product specific information online?

More product-specific information can be found on the website:

http://www.fideuramireland.ie/en/legal_documentation

Further details are available on the Management Company's "Sustainable And Responsible Investment Policy":

http://www.fideuramireland.ie/upload/File/pdf/Policy_FAMI/FAMI_Sustainable_and_responsible_investment_policy.pdf